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Report on the activities of the Office of Internal Oversight Services

Report on the activities of the Office of Internal Oversight Services for the period from 1 July 2007 to 30 June 2008

Note by the Secretary-General

The Secretary-General has the honour to transmit for the consideration of the General Assembly his comments on part one of the report of the Office of Internal Oversight Services on its activities for the period from 1 July 2007 to 30 June 2008 and the addendum thereto (A/63/302 (Part I) and Add.1).

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Summary

The report of the Office of Internal Oversight Services covers the activities of the Office from 1 July 2007 to 30 June 2008. In the present note, the Secretary-General provides comments on a number of issues which he considers require clarification.

I. Introduction

1. The report on the activities of the Office of Internal Oversight Services (OIOS) for the period from 1 July 2007 to 30 June 2008 and the related addendum are welcomed. While every effort is being made to ensure the full implementation of the recommendations contained in the report, clarifications on a number of specific issues are provided below for the information of Member States.

II. Comments on specific paragraphs of the report on the activities of the Office of Internal Oversight Services for the period from 1 July 2007 to 30 June 2008

Impediments to work (para. 24)

2. With regard to the statement in paragraph 24 that recently completed risk assessments show that it would take approximately 17 years for the auditor to conduct the audits of the high-risk areas identified on the basis of the risk register, it should be noted that the OIOS risk assessment of the United Nations Environment Programme was undertaken during a period of heightened stress owing to the security situation in Kenya which coincided with a major change-management exercise.

Operational challenges with regard to procurement-related investigations (para. 26)

3. With regard to cooperation by vendors and their agents and intermediaries during the conduct of investigations, the Secretary-General refers to the measures undertaken to facilitate such cooperation, as detailed in paragraph 9 of the note transmitting his comments on the report of the OIOS on the activities of the Procurement Task Force for the period from 1 July 2007 to 30 July 2008 (A/63/329/Add.1).

Audit of the use of consultants and individual contractors by the Department of Economic and Social Affairs (AN2007/540/02) (para. 35)

4. Standard organizational policies and procedures, including the requirement for ensuring competitive selection, are spelled out in the administrative instruction on consultants and individual contractors, in particular in paragraphs 4.1 to 4.6 (see ST/AI/1999/7 and Amend.1). The requests of the Department of Economic and Social Affairs for the employment of consultants are reviewed by the Office of Human Resources Management in the light of that administrative instruction.

Management of United Nations laissez-passer (AH2006/513/10) (para. 52)

5. With regard to paragraph 52 of the OIOS report, continuous improvements have been made in the administration of laissez-passer. In particular, advances in technology have allowed the establishment of a central database for the three duty stations that issue laissez-passer. The database will be migrated to a web-based client relationship management application for "real time" renewals of laissez-passer in the field, which until recently was not technically feasible. As regards the physical security of laissez-passer, blank documents as well as those that have been

processed and are ready for distribution are stored in safes. Additional recommendations made by OIOS with regard to physical security will be addressed in line with the capital master plan renovation schedule, which is expected in early 2009. Document security controls have been improved in the areas in which laissez-passer are processed.

Managing recruitment risks (AH2007/512/01) (para. 56)

6. In the context of establishing a centralized administrative clearance and reference check unit, the Office of Human Resources Management reviewed the feasibility of conducting checks on prior employment, education and character references for appointments of less than one year. The findings confirmed that comprehensive reference checks for appointments of less than one year are not currently feasible in view of the lack of the additional resources that would be required and the delays in recruitment of short-term staff that such a procedure would inevitably cause.

III. Comments on the addendum to the report on the activities of the Office of Internal Oversight Services for the period from 1 July 2007 to 30 June 2008

Audit of the United Nations Health Care Centre of the Economic Commission for Africa (AA2005/710/05) (para. 6)

7. The Office of Human Resources Management is already working in the context of the United Nations Medical Directors Working Group of the High-Level Committee on Management to define standards of care that should be available to United Nations staff worldwide. The standards of medical care that should be provided to staff are closely connected to, and defined by, the prevailing local health-care infrastructure. Standards of health care across the globe vary significantly, particularly in areas where such infrastructure may be lacking. Available health care is often dependent on the presence of specific individual service providers who may take up practice in a region and on the presence of specific clinics. As these often vary considerably over time, they need to be closely and constantly monitored. While it is agreed in principle that there should be mechanisms for the regular review of the extent and level of service provided in Ethiopia, the same observation could be extended to all duty stations. Current resources in the United Nations medical system, however, do not provide for a system-wide health-care monitoring and regulatory function.

Referral to national authorities for criminal prosecution (para. 8)

8. In paragraph 8, OIOS noted with concern that the Executive Office of the Secretary-General and the Office of Legal Affairs have lagged in the prompt referral of cases to national authorities for criminal prosecution. Reference is made to section VII of the note transmitting the Secretary-General's comments on the report of the OIOS on the activities of the Procurement Task Force for the period from 1 July 2007 to 30 July 2008 (A/63/329/Add.1), which addresses this issue in full. The Secretary-General reiterates that the recommendations of OIOS for referral to criminal authorities do not and cannot automatically result in such action. Any such recommendation must first go through a careful evaluation process which encompasses an analysis of policy considerations, as well as those of a legal nature,

involving all concerned units of the Organization, before any such referral is made. The final decision in all cases of referral rests with the Secretary-General and, once a decision is made to refer, the Office of Legal Affairs promptly implements such referral.

Recovery of losses (para. 9)

9. In paragraph 9, OIOS states that the Organization has not energetically pursued taking appropriate action to implement its recommendations to recover losses and damages to the Organization. Reference is again made to section VII of the note transmitting the Secretary-General's comments on the report of OIOS on the activities of the Procurement Task Force for the period from 1 July 2007 to 30 July 2008 (A/63/329/Add.1), which addresses this issue comprehensively. The Secretary-General reiterates that recommendations of OIOS that financial recovery actions be taken do not and cannot automatically result in such action. Any such recommendation must first go through a careful evaluation process which encompasses an analysis of policy considerations, as well as those of a legal nature, involving all concerned units of the Organization. This process includes an assessment of whether any financial loss has been suffered by the Organization before recovery action is pursued, as this may not always be the consequence of corruption or fraud against it. Other factors which must be taken into consideration include: the impact on privileges and immunities; the likelihood of the success of the claim if pursued; the impact upon the reputation of the Organization caused by becoming party to a lawsuit; an evaluation of the expected costs and the benefits of entering into such action in view of the high costs and uncertainties of litigation; the exposure of the Organization to financial and other risks; and the potential impact on the internal system of administration of justice of the Organization. The final decision on whether to pursue any action rests with the Secretary-General.

10. The Secretary-General emphasizes that recommendations by OIOS for financial recovery actions require full consideration as to the legal feasibility or likelihood of success of such actions. The diversity of, and differences in, the civil legislative frameworks of the many jurisdictions in which the Organization operates leads to a high degree of uncertainty regarding the potential success of recovery actions without further detailed and jurisdictionally specific research. This requires sufficient time and resources to execute and must be balanced against the overall benefit of entering into such action given the high cost and uncertainty of litigation.

Procurement Task Force investigation reference PTF-R010/06 (para. 10)

11. With regard to paragraph 10, the OIOS recommendation in PTF-R010/06 states that appropriate criminal and civil action be taken against the concerned company, the company officials identified in the report and the company's parent. With regard to criminal prosecution, as stated in paragraph 10, the Office of Legal Affairs has made referrals to three national jurisdictions. The Secretary-General emphasizes that any further action is a matter for the discretion of the prosecutorial authorities of such jurisdictions. With regard to civil liability, paragraph 10 notes that the Office of Legal Affairs has undertaken an analysis of relevant legal issues to assist the Administration in making its decision on civil action. However, the statement that the consultation process has been ongoing for well over 18 months without any action is incorrect. The Office of Legal Affairs is currently in consultation with the Organization's outside counsel in this regard. Such consultations are strictly confidential.